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Securities and Exchange

**ANNUAL AUDITED REPORT**

APR 13 2016

**FORM X-17A-5**

**PART III**

**RECEIVED**

SEC FILE NUMBER
8- 41505

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

01/01/15

12/31/15

REPORT FOR THE PERIOD BEGINNING \_\_\_\_\_ AND ENDING \_\_\_\_\_  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Melvin Securities, LLC

OFFICIAL USE ONLY
_____
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
455 Cityfront Plaza Drive, Floor 31

Chicago	(No. and Street) Illinois	60611
(City)	(State)	(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
\_\_\_\_\_  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Stanfield & Associates LLC

2001 Butterfield Road, Ste. 1000	(Name - if individual, state last, first, middle name) Downers Grove	Illinois	60515
(Address)	(City)	(State)	(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

Christopher Melvin

I, \_\_\_\_\_, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Melvin Securities, LLC \_\_\_\_\_, as of December 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows: None.

*[Handwritten Signature]*  
Signature

CEO

Title

*[Handwritten Signature]*  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition. Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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**MELVIN SECURITIES, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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# MELVIN SECURITIES, LLC

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**MELVIN SECURITIES, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2015**

**ASSETS**

Cash and cash equivalents	\$	353,444
Receivable from broker/dealers and clearing organizations		11,770
Other assets		<u>9,154</u>
Total assets	\$	<u><u>374,368</u></u>

**LIABILITIES AND MEMBERS' CAPITAL**

Liabilities		
Accounts payable, accrued expenses and other liabilities	\$	60,960
Members' Capital		<u>313,408</u>
Total liabilities and members' capital	\$	<u><u>374,368</u></u>

The accompanying notes are an integral part of these financial statements.

**MELVIN SECURITIES, LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Brokerage commissions	\$ 24,870	
Underwriting fees	<u>674,063</u>	
Total revenue		\$ 698,933
Employee compensation and related benefits	30,187	
Communications	4,397	
Commissions, floor brokerage and clearance	6,546	
Guaranteed payments	156,250	
Occupancy	19,921	
Professional fees	73,013	
Profit Sharing and 401K Company Match	35,000	
Other	<u>28,414</u>	
Total expenses		<u>353,728</u>
Net income (loss)		<u>\$ 345,205</u>

The accompanying notes are an integral part of these financial statements.

**MELVIN SECURITIES, LLC**  
**STATEMENT OF CHANGES IN MEMBERS' CAPITAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Balance, beginning of year	\$ 143,056
Members' contributions	25,447
Members' distributions	(175,300)
Redemption of Member interest	(25,000)
Net income (loss)	<u>345,205</u>
Balance, end of year	<u>\$ 313,408</u>

The accompanying notes are an integral part of these financial statements.

**MELVIN SECURITIES, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM (TO) OPERATING ACTIVITIES**

Net income (loss)	\$ 345,205	
Adjustments to reconcile net income (loss) to net cash from (to) operating activities:		
(Increase) Decrease in:		
Receivable from broker/dealer and clearing organizations	122,473	
Other Assets	(1,322)	
Increase (Decrease) in:		
Accounts payable and accrued expenses	45,867	
Net cash flows from (to) operating activities	<u>512,223</u>	\$ 512,223

**CASH FLOWS FROM (TO) FINANCING ACTIVITIES**

Payment of Notes Receivable	10,000	
Members' contributions	25,447	
Members' distributions	(175,300)	
Repurchase of members interest	(25,000)	
Net cash flows from (to) financing activities	<u>(164,853)</u>	
Net increase (decrease) in cash	347,370	
Cash at beginning of the year	6,074	
Cash and cash equivalents at end of year	<u>\$ 353,444</u>	

**SUPPLEMENTAL INFORMATION**

Interest expense paid during the year ended December 31, 2015 was:	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements.

**MELVIN SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1      ORGANIZATION**

**Nature of Business** Melvin Securities, LLC (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), conducting business as an institutional broker. All securities transactions are carried and cleared by other broker-dealers on a fully disclosed basis. The Company also participates in securities underwritings.

The Company operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by an institutional broker.

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies which have been followed by Melvin Securities, LLC in preparing the accompanying financial statements is set forth below.

**Accounting Policies** The Company follows accounting standards set by the Financial Accounting Standards Board (the FASB). The FASB sets generally accepted accounting principles (GAAP) that the Company follows to ensure consistent reporting of financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*,™ sometimes referred to as the Codification or ASC. The FASB finalized the Codification effective for periods ending on or after September 15, 2009.

**Use of Estimates** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition** Securities transactions and related income and expenses are recorded on the trade date basis as if they had settled. Net trading gains (losses) include realized and unrealized trading gains and losses, interest income, interest expense, dividend income, and dividend expense. Underwriting fees are recorded at the time the underwriting is completed and the income is reasonably determinable. Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

**Cash Equivalent** Cash and cash equivalents include highly liquid instruments with original maturities of three months or less.

**MELVIN SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reclassifications** Reclassifications were made to prior-year financial statements to conform to the current-year presentation.

**Income Taxes** During the year ended December 31, 2015, the Company was taxed as a partnership under the provisions of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. Instead, members are liable for federal and state income taxes on their respective share of the taxable income of the Company. Accordingly, no provision for federal income tax has been provided for in the accompanying financial statements.

FASB guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year.

Management has reviewed the Company's tax positions for the open tax years (current and prior three tax years) and concluded that no provision for income tax is required in the Company's financial statements. Such open tax years remain subject to examination by tax authorities.

On December 31, 2015 the minority member of the Company redeemed their interest. As such, effective January 1, 2016 the Company will be disregarded for tax purposes and results from operations will be included on Melvin & Company, LLC's tax return.

**NOTE 3      RECEIVABLES FROM BROKER-DEALERS & CLEARING ORGANIZATIONS**

At December 31, 2015, receivables from broker-dealers and clearing organizations consist of:

Commission Receivable	\$11,770
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**NOTE 4      RELATED PARTIES**

The Company is substantially owned by Melvin & Company, LLC. During the year end December 31, 2015, the Company distributed \$173,500 of capital to Melvin & Company, LLC.

At December 31, 2015, there was \$14,008 due to Melvin & Company, LLC related to legal fees paid by Melvin & Company, LLC on behalf of the Company.

**MELVIN SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 5      EMPLOYEE BENEFITS**

On January 1, 2015 the Company has adopted a 401(K) Plan that covers all employees who have attained one year of service and are at least twenty-one years of age. Employees may contribute up to \$18,000 per annum. .

The Company also has a profit sharing plan that allows a maximum of 25% of each employee's compensation to be added to the 401K account. For the year ended December 31, 2015, the Company's profit sharing and matching contribution expense was \$35,000.

**NOTE 6      COMMITMENTS, CONTINGENCIES & INDEMNIFICATIONS**

The Company leases space on a month to month basis at 455 Cityfront Plaza with no minimum annual rentals. The total occupancy rental expense included in the statement of operations for the year ended December 31, 2015 was \$19,921 of which all was related to the month to month lease.

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

In the normal course of business, the Company is subject to various litigation and arbitration matters. These matters are vigorously defended and management believes numerous meritorious defenses exist. Management does not believe the eventual outcome of this litigation in the aggregate will have a material adverse effect on the Company's financial statements.

The Company has agreed to indemnify its clearing brokers for losses that the clearing brokers may sustain from the customer accounts introduced by the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these agreements and has not recorded a contingent liability in the financial statements for these indemnifications.

**NOTE 7      FINANCIAL INSTRUMENTS WITH OFF BALANCE-SHEET RISK & CONCENTRATION OF CREDIT RISK**

Since the Company does not clear its own securities transactions, it has established accounts with clearing brokers for this purpose. This can and often does result in a concentration of

**MELVIN SECURITIES, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

credit risk with these firms. Such risk, however, is mitigated by each clearing broker's obligation to comply with rules and regulations of the SEC.

**NOTE 8**      **FINANCIAL INSTRUMENTS WITH OFF BALANCE-SHEET RISK & CONCENTRATION OF CREDIT RISK**

The Company maintains cash at a financial institution where the total cash balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. At any given time, the Company's cash balance may exceed the balance insured by the FDIC. The Company monitors such credit risk at the financial institution and has not experienced any losses related to such risks to date.

**NOTE 9**      **GOING CONCERN OPERATION**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Management has completed a significant restructuring to its operations in an effort to reduce operating costs. In addition, management has indicated their intention to increase the Company's net capital above the minimum required level through capital contributions and retention of future profits within the Company. There can be no assurance that management's plans, as described above, will be realized.

**NOTE 10**     **NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn if the resulting net capital ratio would exceed 10 to 1. At December 31, 2015, the Company had net capital of \$297,041 which was in excess of its required net capital of \$100,000. The Company's net capital ratio was 2.97 to 1.

**NOTE 11**     **MEMBERS' CAPITAL**

On December 31, 2015 the minority member of the Company (Wentworth Trust) redeemed its membership interest for \$25,000.

**NOTE 12**     **SUBSEQUENT EVENTS**

In accordance with the provisions set forth in FASB ASC Topic 855, *Subsequent Events*, management has evaluated subsequent events through February 29, 2016, the date the financial statements were available for issuance. Management has determined that there are no material events that would require adjustment to or disclosure in the Company's financial statements.

**SCHEDULE A**

**MELVIN SECURITIES, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**AS OF DECEMBER 31, 2015**

Total members' capital	\$ 313,408
Additions: Subordinated borrowings, allowable	<u>-</u>
Total members' capital and allowable subordinated borrowing	313,408
Deductions and/or charges:	
Non-Allowable Receivables	<u>16,367</u>
Net capital	297,041
Minimum net capital requirement	<u>100,000</u>
Excess net capital	<u><u>\$ 197,041</u></u>
Aggregate indebtedness:	
Accounts payable and accrued expenses	<u>\$ 60,960</u>
Total aggregate indebtedness	<u><u>\$ 60,960</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>20.52%</u></u>
 <b>Reconciliation with Company's computation of Net Capital</b> <b>(included in Part IIA of Form X-17A-5 as of December 31, 2015)</b>	
Net capital, as reported in Company's Part IIA Focus Report	291,406
Adjustments:	
Increase in member contributions	<u>5,635</u>
Net capital, per December 31, 2015 audit report	<u><u>\$ 297,041</u></u>
 <b>Reconciliation with Company's computation of Aggregate Indebtedness</b> <b>(included in Part IIA of Form X-17A-5 as of December 31, 2015)</b>	
Aggregate Indebtedness, as reported in Company's Part IIA Focus Report	60,960
Adjustments:	
Increase in accounts payable, accrued expenses and other liabilities	<u>-</u>
Aggregate Indebtedness, per December 31, 2015 audit report	<u><u>\$ 60,960</u></u>



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Members of Melvin Securities, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Melvin Securities, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Melvin Securities, LLC claimed an exemption from 17 C.F.R. §240.15c3-3(2)(ii) (the "exemption provision") and (2) Melvin Securities, LLC stated that Melvin Securities, LLC met the identified exemption provisions throughout the most recent fiscal year without exception. Melvin Securities, LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Melvin Securities, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934

Very truly yours,

A handwritten signature in cursive script that reads 'Stanfield &amp; Associates LLC'.

Downers Grove, IL  
February 29, 2016

**EXEMPTION REPORT**

**MELVIN SECURITIES, LLC**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**UNDER RULE 15c3-3**  
**AS OF DECEMBER 31, 2015**

None, the Company is exempt from Rule 15c3-3 pursuant to provisions of subparagraph (k)(2)(ii) thereof.

**MELVIN SECURITIES, LLC**  
**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS**  
**UNDER RULE 15c3-3**  
**AS OF DECEMBER 31, 2015**

None, the Company is exempt from Rule 15c3-3 pursuant to provisions of subparagraph (k)(2)(ii) thereof.

There are no material differences between the above computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2015.



**INDEPENDENT ACCOUNTANT'S AGREED-UPON PROCEDURES REPORT ON SCHEDULE OF ASSESSMENT AND PAYMENTS (FORM SIPC-7)**

To the Members of Melvin Securities, LLC,

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2015, which were agreed to by Melvin Securities, LLC, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Melvin Securities, LLC's compliance with the applicable instructions of Form SIPC-7. Melvin Securities, LLC's management is responsible for Melvin Securities, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries in the general ledger, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2015, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2015, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
- 5) Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads 'Stanfield &amp; Associates LLC'.

Downers Grove, IL  
February 29, 2016